



County of Los Angeles CHIEF EXECUTIVE OFFICE

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April 22, 2014

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

REPORT BACK ON LOCAL WORKER HIRING PROGRAM FOR VETERANS (ITEM NOS. 13 AND 53 – APRIL 8, 2014, AGENDA)

The following is in response to questions raised during the Board's April 8, 2014, meeting regarding Item Nos. 13 and 53, which involved a motion by Supervisor Mark Ridley-Thomas to establish a Local Worker Hiring Program (LWHP) for veterans.

Rate of Veteran Participation on Metropolitan Transportation Authority Projects

In June 2012, the Metropolitan Transportation Authority (MTA) included veterans of the Iraq/Afghanistan war as one of the categories within their Construction Careers Policy. We have been unable to obtain data from the MTA regarding the actual percentage of California construction hours veterans have performed on MTA projects since the program was established.

Rate of Veteran Participation on Previous County of Los Angeles (County) Projects

We have tried a number of ways to quantify the level of veteran participation on recent County projects that included an LWHP. Because veterans were not among the targeted groups within the LWHP, and the fact that workers were not asked to provide information related to this issue, this data is not available.

Impact of Inclusion of Liquidated Damages

On County projects where an LWHP was mandatory, liquidated damages were included in the contract, and could be assessed in the event that the contractor failed to achieve

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the mandated level of local worker participation. If the contractor did not achieve compliance by the end of the project, the liquidated damages could be deducted from the final contract retention. The MTA program has similar provisions. To date, five contracts administered by the Department of Public Works (Public Works) have included this provision. Since the contractors fulfilled their contractual obligations in connection with the LWHP, liquidated damages have not been assessed.

The inclusion of liquidated damages has the potential to nominally increase the cost to administer the program. However, based on our previous experience with contractor compliance, this cost should be negligible. Including liquidated damages, in an appropriate amount, can demonstrate a shared priority on the part of the County and the contractor of the importance of the program.

Advantages/Disadvantages of Countywide vs. Local

The motion refers to veterans of the United States Military who reside within the County, but it does not make a further distinction that veterans live within a defined area. From the perspective of administering a LWHP for veterans, it is simpler, and, therefore, less costly both for the County and the contractors to implement the program if all veterans living anywhere within the County are eligible. In either event, we recommend that the Board make findings supporting the basis for the geographical preference area in a manner that specifically states whether it extends to the County as a whole or to only specified areas within the County.

It should also be noted that establishing a hiring preference for veterans does not comply with current practices in Union Hiring Halls. These practices establish specific rules for dispatching workers and do not allow for preferences.

Current Performance on Voluntary Local Worker Hiring Program

One of the items during the Board's discussion was whether a veteran-based LWHP should be mandatory, including liquidated damages, or whether a "good-faith effort" standard should be adopted. In that context, a question was asked about the level of performance of existing County projects that include an LWHP. To date, the Board has included a LWHP in 22 construction contracts administered by Public Works, not including job order contracts, which are covered by a separate program. Of those 22 contracts, 5 included a mandatory LWHP, and the remaining 17 required a "good-faith effort" standard. In the majority of cases, whether mandatory or "good-faith effort," the contractors met or frequently far exceeded their contractual obligation (see attached list).

Accounting for Veterans Under the Disadvantaged Local Worker Hiring Categories

During the Board's discussion, it was asked if an LWHP for veterans were established, would the veterans hiring percentage be in addition to any other LWHP requirement on the project, or would the LWHP for veterans be a subset within the existing LWHP percentage. The motion establishes a mandatory LWHP for veterans for all "new construction projects," and this program would be in addition to any other LWHP or Disadvantaged Local Worker Program, which might exist on a project. If a worker happened to both be a veteran and a resident of a target zip code, that worker's hours would accrue towards both hiring goals.

Definition of "New Construction Projects"

The motion makes reference to the proposed LWHP for veterans being applicable to "new construction projects." Programs such as this require additional administrative efforts by the general contractor and subcontractors. Especially for small contractors, these administrative efforts can become burdensome and a disincentive to pursue public work. The MTA Construction Careers Policy limits the application of its LWHP, including the veterans hiring preference, only to projects greater than \$2.5 million. If the Board adopts this motion directing the Chief Executive Office, Public Works, and County Counsel to develop administrative guidelines, we recommend clarifying the definition of "new construction projects" by including all County construction projects and limiting the application of the LWHP for veterans in a manner similar to the MTA program.

If you have any questions or need additional information, please contact either Santos H. Kreimann at (213) 974-1186 or skreimann@ceo.lacounty.gov, or David Howard at (626) 300-2300 or dhoward@dpw.lacounty.gov.

WTF:SHK:cg

Attachment

c: Executive Office, Board of Supervisors
 County Counsel
 Internal Services Department
 Military and Veterans Affairs
 Public Works



LOS ANGELES COUNTY CAPITAL PROJECTS WITH LOCAL WORKER HIRING PROGRAMS

PROJECT NAME	SD	Contract Award Amount (\$)	Contract Policy	LOCAL WORKER PARTICIPATION		Geographic Preference Area
				Target	Actual	
Belvedere Park Pool Replacement	1	\$ 11,516,400	Good Faith	30%	61%	Includes Primary & Secondary Preference Areas
Hall of Justice Repair and Reuse	1	\$ 169,218,083	Good Faith	30%	54%	Includes Primary & Secondary Preference Areas
Del Aire Park Community Building Expansion**	2	\$ 1,138,335	Good Faith	40%	21% Project Completed Dec 2012	15 mile radius
East Rancho Dominguez Library	2	\$ 4,015,000	Mandatory Monthly Comp Amount* \$1,000	30%	51% Project Completed Oct 2012	Includes Primary & Secondary Preference Areas
Harbor-UCLA Medical Center Surgery/Emergency Replacement	2	\$ 170,857,000	Good Faith	30%	43% Project Completed July 2013	15 mile radius
Hellen Keller Community Building and General Improvements**	2	\$ 4,110,200	Good Faith	40%	19%	15 mile radius
Hubert H. Humphrey Urgent Care Expansion	2	\$ 3,971,779	Mandatory Monthly Comp Amount* \$2,000	30%	36% Project Completed July 2013	Includes Primary & Secondary Preference Areas
Kenneth Hahn Eastern Ridgeline**	2	\$ 1,947,000	Good Faith	40%	15% Project Completed Sept 2013	15 mile radius



LOS ANGELES COUNTY CAPITAL PROJECTS WITH LOCAL WORKER HIRING PROGRAMS

PROJECT NAME	SD	Contract Award Amount (\$)	Contract Policy	LOCAL WORKER PARTICIPATION		Geographic Preference Area
				Target	Actual	
Lennox Library and Community Center	2	\$ 4,498,000	Mandatory Monthly Comp Amount* \$1,000	30%	44% Project Completed Nov 2013	Includes Primary & Secondary Preference Areas
MLK-Inpatient Tower	2	\$ 177,707,090	Mandatory Monthly Comp Amount* \$10,000	30% Disadvantaged 10%	58% Disadvantaged 25% Project Completed Oct 2013	Includes Primary & Secondary Preference Areas
MLK-Multi-Service Ambulatory Care Center (MACC)	2	\$ 87,170,960	Mandatory Monthly Comp Amount* \$10,000	30% Disadvantaged 10%	51% Disadvantaged 19% Project Completed Oct 2013	Includes Primary & Secondary Preference Areas
South Health Center	2	\$ 14,021,000	Good Faith	40%	47% Project Completed July 2011	15 mile radius
Monroe Community Wellness Center	3	\$ 7,523,200	Good Faith	30%	36%	Includes Primary & Secondary Preference Areas
San Fernando HS Teen Health Center	3	\$ 3,500,000	Good Faith	30%	New Project	Includes Primary & Secondary Preference Areas
San Fernando Valley Family Support Center	3	\$ 139,310,429	Good Faith	30%	44%	Includes Primary & Secondary Preference Areas



LOS ANGELES COUNTY CAPITAL PROJECTS WITH LOCAL WORKER HIRING PROGRAMS

PROJECT NAME	SD	Contract Award Amount (\$)	Contract Policy	LOCAL WORKER PARTICIPATION		Geographic Preference Area
				Target	Actual	
Rancho Los Amigos National Rehabilitation Center---North Campus Site Consolidation	4	\$ 90,262,000	Good Faith	30%	New Project	15 mile radius
Rancho Los Amigos National Rehabilitation Center---New Outpatient Facilities	4	\$ 70,465,000	Good Faith	30%	New Project	15 mile radius
Rancho Los Amigos National Rehabilitation Center---North Campus Infrastructure	4	\$ 23,469,000	Good Faith	30%	New Project	15 mile radius
Arcadia Mental Health Center	5	\$ 8,000,000	Good Faith	30%	New Project	Includes Primary & Secondary Preference Areas
East Antelope Valley Animal Care Center Project	5	\$ 14,874,000	Good Faith	30%	New Project	Includes Primary & Secondary Preference Areas
High Desert Complex Solar Project	5	\$ 12,300,000	Good Faith	30%	37% Project Completed June 2012	Includes Primary & Secondary Preference Areas
High Desert Multi-Service Ambulatory Care Center (MACC)	5	\$ 98,588,889	Good Faith	30%	43% Project Completed March 2014	Includes Primary & Secondary Preference Areas
Average Local Worker Participation Level (%)				41.3%		

* The Monthly Compliance Amount is the value that may be withheld monthly for non-compliance with the LWHP requirement and used to calculate liquidated damages.

** The three projects which have not achieved their target percentage are all small projects, and were all low-bid projects where the contract was awarded solely on the basis of cost. The Helen Keller project is on-going and there is an opportunity for the contractor to increase the Local Hire percentage.